

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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FM USMISSION NATO
TO SECSTATE WASHDC 2129
INFO ALL NATO CAPITALS 6896
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY WARSAW
AMEMBASSY BERLINE
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY SOFIA
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BELGRADE
USMISSION OECD PARIS

C O N F I D E N T I A L USNATO 1366

E.O. 11652: GDS
TAGS: PFOR, CSCE, EEWT, NATO
SUBJECT: ECONADS: US CSCE BASKET II PROPOSALS FOR ALLIED CONSI-
DERATION

43*: (A) STATE 13664, (B) USNATO 1118

1. WE ARE POUCHING TO RPE/-SWARTZ THE TEXT (IN FRENCH) OF THE
ITALIAN REACTION TO THE US FOLLOW-UP PROPOSALS ON CSCE
BASKET II. THESE ARE GENERALLY FAVORABLE BUT ARE
PHRASED IN A HIGHLY CONDITIONAL TONE.

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2. KEYED TO THE SPECIFIC PROPOSALS IN PARA 2 REF A,
THE ITALIANS NOTE: (A) ITALY IS IN FAVOR OF MULTINATIONAL
FIRMS REPRESENTATIVE OFFICES WITHIN THE LIMITS OF LOCAL REGU-
LATIONS. ONE POSSIBILITY MAY BE FOR EXPANSION OF
BILATERAL CHAMBERS OF COMMERCE SIMILAR TO THE ITALO/
SOVIET CHAMBER RECENTLY OPEN IN MOSCOW.
(B) ITALY CONCURS
(C1) ITALY IS IN FAVOR OF EXCHANGE OF TECHNICAL INFORMATION
ON A BASIS OF RECIPROCAL BENEFIT AND IN THE LIGHT OF COMMERCIAL
IMPLICATIONS (CICLUDING CREDIT OR COMPENSATION ARRANGMENTS).

ITALY NOTES THAT IT HAD BEEN ATTEMPTING SINCE 1973 TO NEGOTIATE AN AGREEMENT WITH THE SOVIET ON PATENT AND COPY RIGHT PROTECTION. THIS HAD BOGGED DOWN ON THE ISSUE OF APPROPRIATE PATENT COVERAGE AND PATENT OWNERSHIP FOR INVENTIONS STEMMING FROM ITALO/SOVIET COOPERATION PROJECTS, SINCE THE PATENT (IN THE WEST) AND "AUTHORS' CERTIFICATE" IN THE EAST) DO NOT OFFER EQUIVALENT SAFEGUARDS. THE ITALIANS SAID THAT THE AUTHORS' CERTIFICATE "GIVES LITTLE GUARANTEE TO FOREIGN INVENTORS".

(C2) WHILE CONCURRING IN PRINCIPLE TO THE US PROPOSALS ITALY HAS TO TAKE INTO ACCOUNT:

-- THE NEED THAT ANY INCREASE IN TRADE TAKE PLACE IN A BALANCED MANNER;
-- OF THE REQUIREMENT TO DIVERSIFY THE TRADE WHICH THUS FAR IS BASED MAINLY ON ITALIAN EXPORT OF MACHINERY AND INSTALLATIONS, AND ON IMPORTS FROM THE EAST OF RAW MATERIALS AND (IF POSSIBLE) AGRICULTURAL PRODUCTS AND FOODSTUFFS. THE ITALIANS POINT OUT THAT THE PRESENT BUSINESS CYCLE SITUATION AND CONDITIONS IN SPECIAL SECTORS OF THE ITALIAN ECONOMY PERMIT ONLY GRADUAL ABOLITION OF IMPORT RESTRICTIONS AGAINST EASTERN COUNTRIES, AND POINTED OUT THAT THE STRUCTURE OF ECONOMIES PERMIT MANAGEMENT OF FOREIGN TRADE" IN PREDETERMINED DIRECTIONS"

(C3) ITALY CONSIDERS THE REQUEST OF CREDITS FROM THE EASTERN COUNTRIES FOR THE SUPPORT OF THEIR EXPORTS TO THE WEST AS INDEED DESIRABLE. HOWEVER, THE PROSPECTS ARE NOT CONFIDENTIAL

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ENCOURAGING, AND THIS IN SPITE OF THE FACILITIES THE INTERNATIONAL INVESTMENT BANK HAS AVAILABLE. THIS A COMPLEX PROBLEM THAT MUST BE EXAMINED IN RELATIONSHIP TO THAT OF THE POSSIBLE CONVERTIBILITY OF EAST EUROPEAN CURRENCIES, AND WITH THE POSSIBLE CREATION OF A MULTILATERAL MECHANISM SIMILAR TO THE IPU

(D) ITALY IS IN FAVOR OF EXAMINING THE PROBLEM OF MULTIPLE VISAS. ALL THE SAME, IT SHOULD NOT BE FORGOTTEN THAT THE PRACTICAL CONTENT OF A FUTURE CONCESSION ON THE PART OF THE EASTERN COUNTRIES DIFFERS CONSIDERABLY FROM WHAT THE WESTERN COUNTRIES COULD GIVE. FREEDOM OF MOVEMENT, CONTACTS AND NEGOTIATIONS OF WESTERN BUSINESSMEN WOULD, IN ANY CASE, BE CONDITIONED BY THE LIMITATIONS PECULIAR TO COUNTRIES WITH PLANNED ECONOMY.

(E) THE SAME CONSIDERATIONS ARE ALSO VALID FOR THE "JOINT EQUITY VENTURES" A SECTOR IN WHICH ITALY HAS ALREADY HAD SOME EXPERIENCE. A STIPULATION FOR BILATERAL AGREEMENTS FOR THE RECIPROCAL PROTECTION AND FOR THE PROTECTION OF INVESTMENTS COULD ALSO APPEAR TO BE USEFUL. ITALY RECENTLY SIGNED A SIMILAR AGREEMENT WITH ROMANIA. STRAUSZ-HUPE

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